

Related Change Request (CR) #: 3078

MLN Matters Number: MM3078

Related CR Release Date: February 27, 2004

Effective Date: January 1, 2004

Implementation Date: March 29, 2004

MMA-New Requirements for End Stage Renal Disease (ESRD) Drug Payments

Provider Types Affected

Providers caring for ESRD patients and billing Medicare for drugs in independent dialysis facilities.

Note: This article was revised to contain Web addresses that conform to the new CMS web site and to show they are now MLN Matters articles. All other information remains the same.

Provider Action Needed

Providers should note that drugs not included in the composite rate that are furnished in independent dialysis facilities will be paid at the lower of billed charges or 95% Average Wholesale Price (AWP). This went into effect with services provided on or after January 1, 2004.

Billing offices for such facilities should be aware of this and take appropriate steps to incorporate this change. **Please note that hospital based facilities are paid at cost.**

Background

New requirements have been established with the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA), PL 108-173, signed into law on December 8, 2003, for the payment of drugs furnished in independent dialysis facilities and paid outside of the composite rate.

See the *Medicare Benefit Policy Manual*, Chapter 11, for a description of drugs that are part of the composite rate and when other drugs may be covered. Section 30 of that chapter provides details on drugs included in the composite rate. To view this information, visit

<http://www.cms.hhs.gov/manuals/Downloads/bp102c11.pdf> on the CMS web site.

Effective January 1, 2004, drugs furnished to ESRD patients in independent dialysis facilities and paid outside of the composite rate will be paid at the lower of billed charges or 95% AWP for the calendar year 2004.

Implementation

March 29, 2004

Disclaimer

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Related Instructions

The *Medicare Claims Processing Manual, Chapter 8, Section 60, Subsections 60.2/Drugs Furnished in Dialysis Facilities*, has been revised to include this new requirement. You may view this chapter by going to <http://www.cms.hhs.gov/manuals/downloads/clm104c08.pdf> on the CMS web site.

The actual CR released to the Medicare fiscal intermediaries may be found at <http://www.cms.hhs.gov/transmittals/Downloads/R110CP.pdf> on the CMS web site.

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